

**U.S. Department of Justice**

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**FOR IMMEDIATE RELEASE  
ALEXANDRIA, VIRGINIA  
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**NEWS RELEASE**

Paul J. McNulty, United States Attorney for the Eastern District of Virginia, announced today an indictment in the continuing investigation of America On Line's strategic relationship with PurchasePro.com.

The indictment charges Kent Wakeford, 36, of New York, New York, a former executive director in the Business Affairs unit at AOL, with conspiracy, two counts of securities fraud, two counts of making false statements to PurchasePro's auditors, and 17 counts of wire fraud.

John Tuli, 37, of Weston, Massachusetts, a former vice-president in the NetBusiness unit of AOL, is charged with conspiracy, two counts of securities fraud, two counts of making false statements to PurchasePro's auditors, and five counts of wire fraud.

Charles "Junior" Johnson, 43, of Las Vegas, Nevada, the former chief executive officer of PurchasePro, is charged with conspiracy, two counts of securities fraud, two counts of making false statements to PurchasePro's auditors, and seven counts of wire fraud, and obstruction of justice.

Christopher Benyo, 43, of Greer, South Carolina, a former senior vice-president of marketing at PurchasePro, is charged with conspiracy, two counts of securities fraud, and two counts of wire fraud.

Joseph Michael Kennedy, 51, of Morristown, New Jersey, a former senior vice president and chief technology officer at PurchasePro is charged with conspiracy, two counts of securities fraud, and making a false statement to the FBI.

Scott Wiegand, 36, a former senior vice president and general counsel at PurchasePro is charged with conspiracy, two counts of securities fraud, two counts of making false statements to PurchasePro's auditors, and making two false statements to the FBI.

PurchasePro was engaged in the sale of computer software, including a so-called business-to-business "marketplace license." This license allowed small and large businesses to buy and sell products on the Internet, to participate directly in PurchasePro's own web-site based marketplace or to create their own branded marketplaces using PurchasePro's software. PurchasePro and AOL had an agreement that allowed AOL to earn commissions and other revenue on the sale of the marketplace licenses.

The indictment charges that the conspirators engaged in a scheme to swap revenue to

fraudulently increase the revenue that PurchasePro reported to the SEC and the investing public, and the revenue generated for AOL by its Business Affairs and Interactive Marketing units. The indictment further charges that the conspirators forged contracts, back-dated documents, used secret, undisclosed side agreements, and made false entries in the books and records to support the fraudulent revenue numbers that were reported to the investing public and the SEC. The indictment alleges that many of these false and fraudulent documents were provided to PurchasePro's auditors.

The indictment alleges that a substantial amount of PurchasePro's reported revenue was earned from marketplace license sales improperly recognized as revenue because the defendants and their co-conspirators achieved the sales as a result of the side agreements with the marketplace purchasers that were kept secret from PurchasePro's outside auditors and the investing public. Many of the side agreements were with AOL's partners and suppliers, which purchased marketplace licenses in the first quarter of 2001, thereby helping PurchasePro meet its revenue objectives.

According to the indictment, the conspirators destroyed documents, attempted to delete emails, created false documents and provided false statements to the SEC and the FBI during the course of their investigations.

Mr. McNulty stated: "The securities market is built on trust. The investing public must have accurate information to make sound decisions. These defendants swindled the investing public. In less than two years, the market capitalization of PurchasePro went from \$1.2 billion to bankruptcy. This indictment charges them with lying to their investors about the true revenue of their company."

The defendants face a maximum prison term of 20 years and a fine of up to \$250,000 for the conspiracy count. The securities fraud charges have a maximum prison term of ten years and a fine up to \$1,000,000 for each count. Each wire fraud count and each false statement count have a maximum term of imprisonment of five years and a fine up to \$250,000. The obstruction of justice count has a maximum prison term of 20 years and a fine up to \$250,000.

AOL, currently a wholly owned subsidiary of Time Warner Inc., agreed to cooperate with the government's ongoing investigation and recently entered an agreement with the government to defer prosecution on charges that it had aided and abetted securities fraud in connection with the transactions between AOL and PurchasePro.

Six senior executives of PurchasePro, a defunct, publicly traded company headquartered in Las Vegas, Nevada, have previously entered guilty pleas in connection with the corporate fraud investigation.

In addition to the indictment returned by the grand jury, the SEC today filed civil actions against Wakeford, Tuli, Johnson, Benyo, and Kennedy .

The investigation is ongoing and is being conducted by the Federal Bureau of

Investigation. The case is being prosecuted by Assistant United States Attorneys Charles F. Connolly and Dana J. Boente, and Adam A. Reeves, Trial Attorney with the Fraud Section, United States Department of Justice, Criminal Division.